CORPORATE INCOME
& FRANCHISE TAX

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North Carolina Department of Revenue

Michael F. Easley
Governor

E. Norris Tolson
Secretary

May 18, 2007

FIREFLY COVE PROPERTY
OWNERS ASSOCIATION INC
1550 HENDERSONVILLE RD
ASHEVILLE NC 28803

ID: 0893692

Re: Determination of Tax Status

Ladies and Gentlemen:

Thank you for sending a copy of the creating documents for the above organization.

Based on the information submitted, the above organization qualifies for exemption from franchise tax and corporate income tax under Section 105-125 and 105-130.11(a)(11), respectively, of the General Statutes (G.S.) of North Carolina as a bona fide homeowners' or property owners' association. This determination applies only to the organization's status under the corporate income and franchise tax laws.

If the above organization becomes subject to tax on unrelated business income as provided in G.S. 105-130.11(c), it will be required to complete the income tax schedules of the North Carolina Corporation Franchise and Income Tax Return (Form CD-405), and file the return on or before the 15th day of the fifth month following its year end, subject to any extensions of time which may be granted. Net income may be computed on the same basis that is permitted by the Internal Revenue Service under Section 528 of the Internal Revenue Code.

In the event the Internal Revenue Service denies a current exemption request or revokes a previous exemption this Department should be notified promptly. In the event of changes to either the Articles of Incorporation or to the nature of the functions for which exemption has been granted, this Department should also be notified promptly.

G. F. Finnen
Administrative Officer
Taxpayer Assistance Division
Toll Free: 1-877-919-1819, ext. 30150

GFF/tnt